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DEPARTMENT FOR A/S FRIED

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SUBJECT: BOSNIA - NOT WHERE WE WANT IT TO BE

Classified By: Ambassador Douglas McElhaney. Reason 1.4(b) and (d).

¶1. (C) SUMMARY: One year ago, Bosnia's prospects looked brighter than they had at any moment since Dayton. Today, the accomplishments of post-war reconstruction have been placed in question. Externally, the drawdown of the international presence here, coupled with Europe's stupor over future enlargement, has signaled to Bosnian politicians that the road to Brussels is a long one. NATO's PFP announcement has helped to raise hopes for entry into Western institutions, but much more is needed to treat the current malaise. The Serbs here used the Montenegro referendum and now, Kosovo, to argue for further dividing the country; Bosniaks retort that the internal "entity" boundaries should be abolished altogether. Nationalism's resurgence during the 2006 election campaign has continued unabated. A weak national government, formed four months after the election, is only marginally able to take decisions. The Bosniak member of the Tri-Presidency Haris Silajdzic, now the major spoiler, and the Republika Srpska PM Milorad Dodik, cannot agree on steps to depoliticize the police. The Bosniaks are frustrated and disappointed that the International Court of Justice (ICJ) did not find Serbia guilty of genocide, and they are looking for another culprit (i.e., the institutions of the Republika Srpska). The loss of respect for the Office of the High Representative (OHR) has meant both diminishing status for the internationals and conflicts among them. In the short term, we need to: 1) isolate the nationalists by laying down strong markers to Silajdzic and Dodik; 2) underline that the U.S. will "be there," that genocide and internecine warfare are in the past - and that the future is NATO, the EU, and normality; 3) focus attention on reform across the board, but particularly on the police and the constitution. Your visit to Bosnia April 4-6 visit is an opportunity to address these short-term challenges, even as we preserve our options on bigger ticket issues. END SUMMARY.

What A Difference a Year Makes

¶2. (C) A year ago confidence was high that, just over 10 years after Dayton, Bosnia was ready to assume responsibility for managing its own affairs. A preliminary deal on police reform had paved the way for the EU to open negotiations with Bosnia on Stabilization and Association Agreement (SAA), which some predicted might be signed by December 2006. U.S. leadership had just produced agreement among six parties on a package of constitutional amendments designed to make the country's governing structures more efficient and functional. Under the relatively moderate leadership of Sulejman Tihic, whom you met in Washington, the largest Bosniak party, the

Party of Democratic Action (SDA), had taken some initial steps toward the political center. Known as America's favorite up north, Republika Srpska (RS) Premier Milorad Dodik's Alliance of Independent Social Democrats (SNSD) had emerged as the most popular party in the RS, poised to break Karadzic's Serb Democratic Party's (SDS) 10-year stranglehold on RS politics. With these and other factors in mind, the U.S. supported plans to close OHR in June 2007.

#### Bosnian Nationalism Strikes Back

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13. (C) Today, Bosnia is mired in what many consider its worst political crisis since the 1990s. Rather than representing a further step towards the normalization of the country, Bosnia's 2006 elections, dominated by nationalist rhetoric from all sides, polarized politics here. Dodik broke SDS's grip on power in the RS by borrowing their nationalist rhetoric, including repeated threats to hold a referendum on RS independence. War time leader Haris Silajdzic's successful campaign for the Bosniak seat in the Tri-Presidency was fueled by misleading attacks and fear mongering about the U.S.-brokered package of constitutional amendments. Constitutional reform also split the Croats, and the nationalist Croatian Democratic Union (HDZ-BiH) broke in two, with the Catholic Church supporting the new anti-reform party. The rhetorical excess continued during the four month period it took political leaders to form a coalition government. Although progress has been made with Dodik in moderating his rhetoric, Silajdzic appears to want to radicalize the situation, thereby creating conditions for a more robust and heavier international presence - what he sees as an insurance policy against Serb and Croat irredentism.

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#### Silajdzic's Destructive Agenda

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14. (C) Silajdzic's approach to contemporary Bosnia's problems is a serious impediment to reform. He is not focused on securing the country's integration into Euro-Atlantic institutions; he is focused on the past. Silajdzic is frank about his agenda: reopening the Dayton settlement and abolishing the Serb entity. His pathology about the RS has emerged as perhaps the biggest obstacle to a police reform deal that would facilitate initialing of the SAA. The International Court of Justice's (ICJ) February 26 verdict that genocide occurred in Srebrenica has emboldened Silajdzic to press harder for territorial changes within Bosnia. Unfortunately, his nationalism has found a receptive audience among Bosniaks, many of whom welcome a leader willing to "stand-up to the Serbs" and who are angry that Milosevic died un-convicted and Karadzic and Mladic remain at large. Some moderate Bosniaks have taken note of Silajdzic's siren call and have publicly echoed him rather than play more constructive political roles.

#### Things Could Get Worse

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15. (C) Dodik's recent rhetorical moderation is a welcome, if anomalous, development. Apart from an initial misstep the day the verdict was announced, Dodik has handled the ICJ case and its fallout in Srebrenica responsibly. Undoubtedly, Dodik is interested in building on his 2006 economic successes in the RS and continuing his campaign to attract investment there. (Note: Dodik's behavior in 2006 was both frustrating and encouraging. His often irresponsible rhetoric was married to a determined push for economic reform and against organized crime. End Note.) However, with the Bosniaks seemingly intent on pursuing a hard line anti-RS nationalist agenda come hell or high water, a dustup where Bosniaks provoke Dodik into a comment or action that further poisons the inter-ethnic political dynamic is a distinct possibility. The prospects for sustained progress on reform

in this environment, particularly reforms that require difficult concessions from any group, are uncertain at best.

Comment: What This Means for the U.S.

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¶6. (C) Bosnia's downward political spiral and concern over possible fallout here on Kosovo prompted the U.S. to back a one-year extension of OHR's mandate. OHR's credibility and capacity to effectively shape events in Bosnia has taken a big hit under High Representative Christian Schwarz-Schilling's ineffective leadership. The EU's clumsy management of the police reform process has done little to build faith among Bosnians that leadership from Brussels can substitute for the current vacuum at OHR. Schwarz-Schilling's hands off management of an ever more difficult situation evoke many a Bronx cheer from Bosnians of all political stripes. Progress in Bosnia requires U.S. leadership, but the current political climate constrains our ability to press hard for big ticket reforms in the short term.

¶7. (C) The immediate challenge is arresting continued political polarization, particularly between Bosniaks and Serbs. Over the next several weeks, this requires dampening tensions in and over Srebrenica. More generally, we need to stop nationalist urges from getting the upper hand. Silajdzic, who tells us that he only signed Dayton because "there was a gun at his head," needs to be told clearly that extremism will drain his international support and that we will not tolerate his attacks on Dayton. Dodik needs to know that his efforts to tone down Bosniak-bashing will pay dividends, but also that he cannot use the many opportunities Kosovo will offer to enflame the situation here. Moderates need our support. Once the situation calms and the coherence of the High Rep's office are restored, we will be in a better position to get the American-brokered reform process jump started. As the most senior American representative since Nick Burns was here in October 2005, your messages will come across clearly. Bosnians appreciate the unvarnished truth.

MCELHANEY